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2003 Annual Report



IVG ENTERPRISES LTD.

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REPORT TO SHAREHOLDERS

In the year 2003, the Company has focused principally in the development of the three companies in which the Company has investment, namely Wicomm Inc., Ginger Beef Corporation and CJHC Capital Ltd.

In 2003, Wicomm has entered into another contract to provide wholesale broadband internet communication services to the town of Niverville and its surrounding communities. The services for this contract went into operation in June 2003.

After moving into its new manufacturing facility in the spring of 2003, Ginger Beef Corporation experienced substantial improvement in its operations and financial performance in the year. Ginger Beef's wholesale food revenues for 2003 are estimated to be about \$4 million, compared to \$1.2 million for 2002. In addition, the Company became profitable in the third quarter of the year.

CJHC Capital Ltd. "CJHC", in which the Company is a founding shareholder, received the approval from its shareholders for its Qualifying Transaction in a shareholders' meeting in December 2003. In this Qualifying Transaction, CJHC is to acquire all issued and outstanding shares of South Champ Trading Limited, a textile company based in Hong Kong, in exchange for which CJHC would issue 8,313,133 Common Shares to the shareholders of South Champ. In January 2004, CJHC received the regulatory approval for the Qualifying Transaction and subsequently changed its name to Dragon-Tex (Group) Limited.

"Alan Chan"

Alan Chan P. Eng.
President & CEO

March 29, 2004

REVIEW OF THE COMPANY'S OPERATIONS

The following is a summary of the activities of the companies in which IVG has investment during the year of 2003.

Wicomm Inc.

In the year 2002, Wicomm signed two services contracts. In one of the contracts, Wicomm is to provide wholesale broadband internet connection services to the Town of St. Pierre in Manitoba. In the second contract, Wicomm is to provide internet gateway service to Kenora Municipal Telephone System (KMTS). Both of these services went into operation in late 2002.

In May of this year, Wicomm signed another services contract to provide wholesale broadband internet connection services to the town of Niverville in Manitoba, two nearby communities of Ritchot and Tache, and a medical manufacturing facility in Minnedosa. The service for this project commenced operation in June of this year. The model used in this project is similar to the St. Pierre model, whereby Wicomm provided the regional wireless links and used Big Pipe of Shaw Cable as its internet gateway provider and Manitoba Hydro as its fibre provider.

Since started the services for the town of Niverville, Wicomm has been focusing its effort in developing its business plan with the intent of seeking additional capital by way of going public or from private investors. Currently, it is in discussion with a number of investment groups on this potential.

Ginger Beef Corporation

After moving into its new manufacturing facility in the spring of 2003, Ginger Beef experienced substantial improvement in its operations and financial performance in comparison to that of 2002. Ginger Beef's wholesale food revenues for the 2003 are estimated to be about \$4 million, compared to \$1.2 million for 2002. Furthermore, Ginger Beef turned profitable in the third quarter of the year. The substantial increase in revenues was the result of the Ginger Beef's new manufacturing facility has been fully operational since the second quarter of 2003.

During the year, Ginger Beef has been very successful in securing purchase orders from a number of major national grocery chains, which includes Costco, Mac's Convenience Stores and others. In the second quarter, Ginger Beef was selected by several of these chains to supply fresh deli "ready-to-eat" Chinese food entrees to stores located in both western and eastern Canada. With its state of the art packaging, Ginger Beef is able to offer a 28 days shelf life on its deli "ready-to-eat" Chinese food entrees.

In the third quarter, Ginger Beef has secured another major grocery chain account: Sobeys, Canada's second largest grocery store chain. Ginger Beef will supply its pre-cooked Chinese bulk food service program for Sobeys deli departments. Ginger Beef expected that this food service program would roll out to all of the 165 Sobeys and Garden Market IGA / IGA banners in Western Canada. With the success of this bulk program, Ginger Beef anticipates a

future product rollout of its gas flushed "ready-to-eat" entrée tray program to these same locations.

In addition to the Chinese food supplies, the Ginger Beef discovered a new market niche in custom meat cutting business for the food service industry in the third quarter. Instead of cutting beef strips for its own flagship products, Ginger Beef has started to supply raw beef strips for the food service industry. With this new market demand, Ginger Beef has partnered with a leading national food service distributor that boasts 170 field representatives in its Western Division alone.

With a strong penetration in Western Canada, Ginger Beef plans to focus its 2004 efforts in penetrating the Eastern Canadian market. Furthermore, with the success of its ready-to-eat entrée program, the company plans to launch a complementary Chinese food program in the frozen food sections across Canada. The company's goal is to establish itself as a market leader for Chinese food in Canada.

Dragon-Tex (Group) Limited (formerly CJHC Capital Ltd.)

Further to the signing of the letter of intent on January 28, 2003, CJHC Capital Ltd. ("CJHC") has entered into a Share Purchase Agreement dated July 15, 2003 with South Champ Trading Limited ("SCT") of Hong Kong and its shareholders, whereby CJHC would acquire all issued and outstanding shares of SCT in exchange for which CJHC would issue 8,313,133 Common Shares to the shareholders of SCT at a deemed price of \$0.388 per share for an aggregate consideration of \$3,225,496. The acquisition of the SCT shares, which was an arm's length transaction, was considered as the "Qualifying Transaction" of CJHC. Subsequently, CJHC received the approval from its shareholders for the Qualifying Transaction in a shareholders' meeting held on December 29, 2003, and received the regulatory approval on January 21, 2004.

As a part of the Qualifying Transaction, CJHC changed its name from CJHC Capital Ltd. to Dragon-Tex (Group) Limited with a new trading symbol of "DTX". As well, the Corporation was re-classified as a Tier 1 company on the TSX Venture Exchange.

South Champ is in the business of selling of cotton yarn products, garment for children and garment accessories, and also in the business of exporting and manufacturing of cotton fabric products. The audited financial statements of South Champ for the year ended March 31,2003 indicates that South Champ had gross sales of \$88,681,524.00HK, with a net income for the year of \$3,622,042.00HK.

Share Buyback

During the year of 2003 and in the January of 2004, the Company has repurchased a total of 269,500 of its common shares, completing its Normal Course Issuer Bid announced on April 23, 2003.

MANAGEMENT'S REPORT

The Board of Directors has approved the financial statements of the Company, prepared in accordance with accounting principles generally accepted in Canada.

Management maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of financial statements for reporting purposes. Timely release of the financial statements sometimes necessitates the use of estimates when transactions affecting the current accounting period cannot be finalized until future periods. Such estimates are based on the judgment of management.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and has appointed an Audit Committee. This Committee, consisting of a majority of non-management directors, meets with management and external auditors to ensure that each group is properly discharging its responsibilities and to discuss internal controls, accounting policies and financial reporting matters. The Audit Committee has reviewed the financial statements and reported thereon to the Board of Directors.

“Alan Chan”
Alan Chan P. Eng.
President & CEO

March 29, 2004

“Cam McIntosh”
Cam McIntosh
Chief Financial Officer

AUDITORS' REPORT

March 30, 2004

To the Shareholders of:
IVG Enterprises Ltd.,

We have audited the consolidated balance sheet of IVG Enterprises Ltd. as at December 31, 2003 and 2002, and the consolidated statements of loss and deficit and cash flows for the years ended December 31, 2003 and 2002. These consolidated financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2003 and 2002 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Signed DNTW, LLP"

CHARTERED ACCOUNTANTS

BALANCE SHEET

AS AT DECEMBER 31, 2003 and 2002

	2003	2002
ASSETS		
CURRENT		
Cash	\$ 117,053	\$ 124,594
Term deposits	299,000	418,508
Accounts receivable, note 2f	114,884	282,996
Accrued interest receivable	461	2,339
Goods and services tax receivable	1,848	2,024
Prepaid expenses	1,068	1,472
Current portion of notes receivable, note 4	-	7,722
	534,314	839,655
INVESTMENT IN GINGER BEEF CORPORATION, note 2a	125,050	100,000
INVESTMENT IN WICOMM INC., note 2a	252	252
INVESTMENT IN CJHC CAPITAL LTD., note 2a	51,307	77,200
CAPITAL ASSETS, note 5	11,939	15,635
NOTES RECEIVABLE, note 4	108,009	61,187
	\$ 830,871	\$ 1,093,929
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,000	\$ 6,000
LONG-TERM DEBT, note 7	239,706	239,706
	245,706	245,706
SHAREHOLDERS' EQUITY		
SHARE CAPITAL, note 9	3,374,225	3,421,312
DEFICIT	(2,789,060)	(2,573,089)
	585,165	848,223
	\$ 830,871	\$ 1,093,929

APPROVED ON BEHALF OF THE BOARD:"ALAN CHAN" Director"CAM MCINTOSH" Director

STATEMENT OF LOSS AND DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

	2003	2002
INCOME		
Dividends	\$ -	\$ 36,618
Interest	26,673	* 18,682
	26,673	55,300
EXPENSES		
General, administration and venture investigation	164,485	208,270
Loss before other items	(137,812)	(152,970)
OTHER ITEMS		
Share of loss of equity investments, note 2a	(25,893)	(50,300)
Loss on sale of Guangxi Baise investment, note 11	-	(64,303)
Foreign exchange loss	(52,266)	-
	(78,159)	(114,603)
NET LOSS FOR THE YEAR	(215,971)	(267,573)
DEFICIT , beginning of year	(2,573,089)	(2,305,516)
DEFICIT , end of year	\$ (2,789,060)	\$ (2,573,089)

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
OPERATING ACTIVITIES		
Net loss for the year	\$(215,971)	\$(267,573)
Adjustments for items not affecting cash		
Amortization of capital assets	4,456	5,073
Loss on sale of Guangxi Baise investment, note 11	-	64,303
Share of loss of equity investments, note 2a	25,893	50,300
	(185,622)	(147,897)
Changes in non-cash operating working capital, note 3	170,570	(273,951)
	(15,052)	(421,848)
INVESTING ACTIVITIES		
Repurchase of corporate common shares	(47,087)	-
Purchase of capital assets	(760)	(1,251)
Investment in Ginger Beef Corporation	(25,050)	-
Investment in CJHC Capital Ltd.	-	(127,500)
Proceeds on sale of Guangxi Baise investment, note 11	-	282,996
Increase in notes receivable	(39,100)	(41,202)
	(111,997)	113,043
DECREASE IN CASH FUNDS DURING THE YEAR	(127,049)	(308,805)
Cash, beginning of year	543,102	851,907
CASH FUNDS, END OF YEAR	\$ 416,053	\$ 543,102
CASH CONSISTS OF:		
Cash	\$ 117,053	\$ 124,594
Term deposits	299,000	418,508
	\$ 416,053	\$ 543,102
Cash interest earned	\$ 26,673	\$ 18,682
Cash interest paid	\$ -	\$ -
Cash income taxes paid (refunded)	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. THE CORPORATION

The Corporation was incorporated on March 19, 1996, under the provisions of the Business Corporations Act of the Province of Alberta. The Corporation is listed on the Toronto Venture Exchange Inc.

The Corporation is participating in a telecommunication infrastructure venture (Wicomm Inc), a frozen food manufacturer (Ginger Beef Corporation, formerly Avic Technologies Inc.) and in the establishment of a capital pool company (CJHC Capital Ltd.).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on the basis of generally accepted accounting principles applicable to a going concern which assumes that the Corporation will continue to be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements are prepared on accounting policies of which the more significant ones are:

a) Investments

The Corporation's investments in Ginger Beef Corporation (formerly AVIC Technologies Inc.), and Wicomm Inc. are recorded at the lower of cost or net realizable value. The investment in CJHC Capital Ltd. is on the equity basis as the Corporation has significant influence.

b) Foreign Currency Translation

Accounts in foreign currencies and operations in foreign countries have been translated into Canadian dollars using the temporal method. Under this method monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at year end. Non monetary assets which consist of capital assets have been translated at the rate prevailing at the date of transaction. Revenue and expenses have been translated at the average rate of exchange during the year, except for amortization which has been translated at the same rate as the related assets. Foreign exchange gains and losses on current monetary assets and liabilities are included in the determination of earnings.

c) Amortization of Capital Assets

Capital assets are recorded at cost and are being amortized on a declining balance basis as follows:

Computer equipment	30% declining-balance
Office equipment	20% declining-balance
Leasehold improvements	5 years straight-line

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Measurement Uncertainty

The amounts recorded for amortization of capital assets are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on these and future financial statements could be significant.

e) Venture Identification and Development Costs

Expenses associated with venture identification have been expensed as incurred. Expenses associated with venture development have been capitalized and treated as a component cost of the venture, if its acquisition is carried out. If the acquisition is terminated or a loss of significant influence over the venture occurs, these costs will be expensed in the year of occurrence.

f) Financial Instruments

The Corporation's financial instruments consist of cash, term deposits, accounts receivable, accrued interest receivable, notes receivable, investments, accounts payable, goods and services tax receivable and long term debt. Unless otherwise indicated, it is management's opinion that the Corporation is not exposed to significant interest rate or credit risk arising from these financial instruments. The Corporation is exposed to foreign currency risk from its account receivable of \$114,884 in China with Li Zheng Feng Trading Ltd.. The fair value of these financial instruments approximates their carrying values.

3. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	2003	2002
DECREASE (INCREASE) IN CURRENT ASSETS		
Accounts receivable	\$ 168,112	\$ (280,996)
Accrued accounts receivable	1,878	2,734
Goods and services tax receivable	176	8,150
Prepaid expenses	404	(339)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable	<u> </u> -	(3,500)
	<u> </u> \$ 170,570	\$ (273,951)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

4. NOTES RECEIVABLE

The loans consist of the following:	<u>2003</u>	<u>2002</u>
Wicomm Inc. loan, bearing interest at 20% per annum, repayment of principal and interest in sixty monthly payments. No principal payments made in 2003	\$ 108,009	\$ 68,909
Less current portion	108,009	68,909
	<u>—</u>	<u>7,722</u>
Long term portion	\$ 108,009	\$ 61,187

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
			<u>2003</u>	<u>2002</u>
Head office equipment	\$ 34,973	\$ 26,492	\$ 8,481	\$ 10,448
Leasehold Improvements	<u>8,645</u>	<u>5,187</u>	<u>3,458</u>	<u>5,187</u>
	<u>\$ 43,618</u>	<u>\$ 31,679</u>	<u>\$ 11,939</u>	<u>\$ 15,635</u>

6. DUE FROM RELATED CORPORATIONS AND RELATED PARTY TRANSACTIONS

a) AC Management Inc. "AC"

The Corporation is related to "AC" because Alan Chan is the beneficial owner of "AC" and is a director, officer and shareholder of the Corporation. The Corporation paid management fees of \$45,000 (2002--\$45,090).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

7. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2003</u>	<u>2002</u>
Canadian International Development Agency loan, bearing no interest, or collateral. The maximum available Agency loan contribution is \$240,075. The Corporation is required to commence repayment of the loan at 1% of project revenues when the Agency has paid out a minimum of \$100,000 and the Corporation has realized project revenues totaling a minimum of \$5,000,000.		
The company's interest in the project was sold in 2002. The loan will be forgiven effective January 1, 2004.	<u>\$ 239,706</u>	<u>\$ 239,706</u>

8. INCOME TAXES

The Corporation has non-capital losses totaling \$3,286,942 which may be utilized to reduce future income subject to corporate income taxes. The right to claim these losses expires as follows:

January 1, 2005	\$ 93,523
January 1, 2006	\$277,004
January 1, 2007	\$393,163
January 1, 2008	\$939,209
January 1, 2009	\$943,468
January 1, 2010	\$313,056
January 1, 2011	\$144,897
January 1, 2012	\$182,622

The Corporation has capital losses totaling \$137,133 which may be utilized to reduce future capital gains subject to corporate income taxes. These capital losses may be carried forward indefinitely.

The Corporation has claimed amortization of capital assets for financial statement purposes in an amount totaling \$24,619 in excess of capital cost allowance claimed for income tax purposes

The potential income tax benefits attributable to the above items have not been reflected in these financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

9. SHARE CAPITAL

a) Authorized:

Unlimited number of voting common shares;

Unlimited number of preference Class B shares, issuable in series, the rights, privileges, restrictions and conditions attaching to the shares have not yet been specified;

Unlimited number of preference Class C shares, issuable in series, the rights, privileges, restrictions and conditions attaching to the shares have not yet been specified;

Unlimited number of preference Class D shares issuable in series, the rights, privileges, restrictions and conditions attaching to the shares have not yet been specified;

Unlimited number of preference Class E shares issuable in series, the rights, privileges, restrictions and conditions attaching to the shares have not yet been specified.

b) Issued:

Voting common shares

	2003		2002	
	<u>Proceeds received</u>	<u>Shares issued</u>	<u>Proceeds received</u>	<u>Shares issued</u>
Balance, beginning of year	\$ 3,421,312	3,116,254	\$ 3,421,312	12,452,053
Shares repurchased by IVG	(47,087)	(252,500)	-	-
4:1 consolidation	-	-	-	(9,339,040)
China Pacific amalgamation	-	-	-	3,241
Balance, end of year	\$ 3,374,225	2,863,754	\$ 3,421,312	3,116,254

c) Stock Options

- i) The Corporation granted the directors, officers, key employees and consultants stock options to a maximum of 52,500 shares of the Corporation at a price of \$0.80 per share. These options expire on February 8, 2005.
- ii) The Corporation granted the directors, officers, key employees and consultants stock options to a maximum of 16,250 shares of the Corporation at a price of \$0.76 per share. These options expire on February 14, 2005.
- iii) The Corporation granted the directors, officers, key employees and consultants stock options to a maximum of 184,500 shares of the Corporation at a price of \$0.10 per share. These options expire on September 9, 2007.
- iv) The Corporation granted the directors, officers, key employees and consultants stock options to a maximum of 53,750 shares of the Corporation at a price of \$0.10 per share. These options expire on March 18, 2008.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

9. SHARE CAPITAL (continued)

d) Stock-based compensation

Effective January 1, 2002, the Company adopted, without restatement of the prior-period comparative financial statements, the new Canadian Institute of Chartered Accountants accounting standards for stock-based compensation and other stock-based payments.

The Company accounts for stock options using the fair value method. Under the fair value method, compensation expense for stock options that are direct awards of stock is measured at fair value at the grant date using an option pricing model and recognized over the vesting period.

Since the Company's share price from the share option granting date of March 18, 2003 to the end of the year was consistently lower than the share option price, no stock-based compensation was recorded in the accounts.

10. COMMITMENTS

a) Canadian International Development Agency

The Corporation signed an agreement with the Canadian International Development Agency of the Federal Government for the term from March 26, 1999 to October 31, 2000 to receive funding to a maximum of \$240,075 for expenditures related to the Guangxi Baise Concrete Company Ltd. Repayment is at 1% of Guangxi Baise project revenues once project revenues of \$5,000,000 Cdn have been realized and CIDA has paid out a minimum of \$100,000 Cdn. Funding received totals \$239,706 (2000 - \$240,029). This loan will be forgiven effective January 1, 2004. The company's interest in the project was sold in 2002.

b) Premise Lease

Under the terms of the agreement for leased premises which expires on August 31, 2006, the Corporation will be required to make annual rental payments including operating costs in each of the next three fiscal years as follows:

December 31, 2004	\$ 28,713
December 31, 2005	\$ 28,713
December 31, 2006	\$ 18,430

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

11. SALE OF INVESTMENT

a) Guangxi Baise Concrete Company

The Corporation sold its 55% interest in the Guangxi Baise Concrete Company in mainland China in 2002 for proceeds of \$282,996 resulting in a loss of \$64,303 on the sale. The funds are presently being held on behalf of IVG Enterprises Ltd. in China by Li Zheng Feng Trading Ltd., and are being remitted back to the Corporation in multiple transactions starting in June, 2003. The Corporation collected \$121,281 on the debt in 2003 less exchange commissions of \$12,509.

CORPORATE INFORMATION

Directors

Alan Chan P. Eng.
President & CEO, IVG Enterprises Ltd.
Calgary, Alberta

C P Lee P. Eng.
President, Signature Parke Development Inc.
Calgary, Alberta

Victor Sun P.Eng.
Principal of East Delta Resources Inc.
St. Lambert, Quebec

Cam McIntosh C.A.
Principal, Overseas Tax Consultants
Calgary, Alberta

Gerry Peacock L.L.B.
Principal of Gerry Peacock Barrister & Solicitor
Calgary, Alberta

Officers

Cam McIntosh C.A.
Chairman of the Board & C.F.O

Alan Chan P. Eng.
President & C.E.O

Charles Mak MBA
Corporate Secretary

Head Office

Suite 628, 138 - 4th Avenue S.E.
Calgary, Alberta, Canada
T2G 4Z6
Tel: (403) 229 2337
Fax: (403) 228 3013

Auditors

DNTW Chartered Accountants, LLP
Calgary, Alberta

Solicitors

Borden, Ladner and Gervais
Calgary, Alberta

Banker

TD Canada Trust
Calgary, Alberta

Registrar & Transfer Agent

Computershare Investor Services
Calgary, Alberta

Stock Exchange Listing

The Canadian Venture Exchange
(Stock Symbol: IVE)



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Enterprises Ltd.

Suite 628, 138 - 4th Avenue S.E.
Calgary, Alberta, Canada T2G 4Z6